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* The hon. the PRESIDENT :—" There is no discretion vested in the President to allow an hon. Member to exceed his time-limit during the debate on adjournment motions."

(The hon. Mr. T. E. Moir then closed his speech.)

* The hon. Mr. M. R. SETURATNAM AYYAR :—" In view of the expression of opinion in this House I am prepared to say that steps will be taken immediately to stop the employment of Mr. Natarajan and that Government will take steps very soon to frame and make known the conditions and the period during which the shareholders or others may have an opportunity to pay off such amount as the Government fixes to liquidate the loan due to them."

* Mr. SAMI VENKATACHALAM CHETTI :—" It comes to me as a somewhat agreeable surprise that the Government have come out with a statement that they will put an end to the employment of Mr. Natarajan and also consider the conditions and the time during which the shareholders may find it convenient to negotiate with the Government for the payment of such amounts that are said to be due to the Government by the shareholders and which were advanced to them as loans. In view of that statement and also in view of the optimism, perhaps the little that I possess in this Government, that this promise would be kept up, I have much pleasure to beg leave of the House to withdraw my motion."

The motion was by leave of the House withdrawn.

* The hon. the PRESIDENT :—" The Council will now resume debate on the resolution of Mr. Bheemayya."

III—*cont.*

APPOINTMENT OF A COMMITTEE TO ENQUIRE INTO THE ECONOMIC CONDITION OF KISTNA, GODAVARI EAST AND GODAVARI WEST—*cont.*

* The hon. Sir NORMAN MARJORIBANKS :—" Mr. President, Sir, this motion proposes a recommendation to the Government that a committee be appointed for the purpose of making an open public enquiry into the economic condition of the tract as preliminary to the resettlement of the districts of Godavari East, Godavari West and Kistna and goes on to recommend that the resettlement scheme report of the Kistna, West Godavari and East Godavari be held in abeyance pending that enquiry.

" Now, Sir, I have considerable difficulty in making any remarks about this resolution as none of the members who spoke indicated clearly the scope of the enquiry desired. It is easy to suggest an economic enquiry but the term covers many descriptions of enquiry and covers a varied field. My further difficulty is how exactly the House considers—I mean those who have proposed and supported this motion have considered—that such an enquiry will have a bearing on the question of resettlement. I would in the first place very briefly invite their attention to the main principles of land revenue settlement in this Presidency. The basis on which land revenue assessment in this Presidency is made is the proposition that the State is entitled to a share of the crop from the land. It is not based on any consideration of the circumstances of the holders of lands. We do not make any difference whether a land is held by a rich man or a poor man. The assessment is made

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with reference to the capacity of the land and not with reference to the circumstances of anybody who holds the land. It will therefore not be relevant to the question of assessment as one hon. Member has suggested to consider the share of produce that will remain to each individual after meeting his ordinary expenditure. Another point that should be noticed is, as in fact the Mover or the seconder of that resolution pointed out, that the capacity of the land was estimated with reference to the outturn of the principal crops raised on the land and the assessment was fixed on that basis many years ago. Now that thirty years have elapsed since we made the last settlement we are now considering whether there is any reason why the rates should not be revised either by raising them or lowering them. As some of the hon. Members pointed out there is no statutory law on the subject, yet the rules under which resettlements are carried out are perfectly well known and have not been altered for very many years. In fact one hon. Member who wanted to point out the
4-15 p.m. possibility of these rules being changed had to go back forty years to find an example. These rules again are perfectly clear. The main consideration in dealing with the question of revising the money rates of assessment is whether there has been any change in the general price of agricultural produce of the lands in question during the term of the settlement. Generally, therefore at resettlements the question of economic condition would not come into great prominence were it not for the fact that in recent years the prices have risen very much indeed. So much so that if we were to adopt the present rates as commutation rates, the money rates would be more than doubled. Therefore it is quite obvious that however correct it may be in theory that the ryot should give the same share of the crop to the State, in practice it is found that you cannot upset a man's expenditure by doubling the payment in that way. In recent years, accordingly it has become a feature of resettlement reports to consider how much of this increase it would be practicable to take having regard to the general progress of the tract: and recent settlement reports deal with the various economic considerations with that object. It has never been a principle of the Madras settlements that we should base our rates with reference to the net income, if I may say so, of individuals. I do not mean to belittle in any way the importance of such economic considerations in making alterations whatever they may be in the demand we make from the ryots; I only wish to point out the bearing of those considerations in any settlement scheme.

"Now, there are instructions as to the extent to which the settlement officer should make this enquiry and they have been embodied in the Settlement Manual. The settlement officer in this particular locality took up his duties some three or four years ago and has been working there, not secretly, but perfectly openly to the full knowledge of the ryots. And it is rather strange that after four years we should be asked what he has been doing and be told that nobody has been aware of it. The material he has collected is of two classes, one containing statistics compiled from public records and registers which contain information as to the prices, the cultivation and irrigation figures and so forth for a series of years and the other based on the enquiries in the villages regarding the circumstances of individual ryots. Another important class of statistics is the information based on documents in the registration offices. All these are useful in giving us a general idea of the economic condition of the tract. More than one member complained that these enquiries

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have not been made. I find that these enquiries have been made in a considerable number of villages with great elaboration. Of course they have not been printed or published, partly because it would constitute a great volume of papers in which people up to now have not shown any interest, and partly because they contain details of the private circumstances of individual people. Therefore a very large amount of material having bearing on the economic condition of the tract is available. Of course the speakers would draw different inferences from those drawn by the Settlement Officer from the same materials. This is of course quite natural. You will not expect everybody to draw the same inference from any set of economic data. And it is just that criticism which the Government desired to invite when they published the report for criticism. They have placed on the table the details of the names of the villages where such information was gathered and the instructions which the Settlement Officer issued for the guidance of those who made enquiries in the villages. I am perfectly willing to place before any hon. Member who desires it the details of the various enquiries which are in pamphlets of the kind I hold in my hand. If hon. Members examine them, they will be in a better position to formulate their arguments as to whether the circumstances are such as would make it undesirable to raise the money rates although the increase in prices has been so much as 100 per cent and over. If, however, you say that an open enquiry should be made into the economic condition of the tract by a committee, I do not know what should be understood by it and what lines the committee is to follow. Such a proposal was made some years ago during the old Council when His Excellency the Governor presided. I should like just to read to you what Lord Pentland said on the subject—

'Government are anxious to know the truth; the whole substance of the opposition to this resolution has been the danger of deductions from incomplete facts and incomplete premises. That is the whole fact. The hon. Gentleman speaks as if economic enquiries are the easiest thing to be taken up. They are extremely complex and extremely delicate and require to be conducted by most skilled and impartial investigaters; they are purely scientific operations and economic enquiries should be properly conducted. It would take a very long time, I think, before an economic investigation can be useful so as to enable us to base any large changes of policy on them.'

"At that time the Council resolved finally that there should merely be an examination of a few typical family budgets in connexion with resettlement and that is what has been done in connexion with the present settlement in the enquiries which I have just indicated. As I have said before any inference we may draw from any economic enquiry we may make can only have a general bearing on the question of resettlement.

"After all, except in isolated cases where you have supplied irrigation where formerly it was unirrigated there has been, so far as we know and unless the contrary can be deduced from any figures that we have got, no alteration in the productivity of the land. Logically, therefore, it would follow that the share of the Government represents a much larger number of rupees now than it did 30 years ago since the prices have doubled. Bearing in mind however the danger of upsetting the individual's expenditure by a sudden increase (as the House is aware) the Government have limited any increase in the demand to 18¾ per cent.

"Although prices have risen by 100 per cent the proposal of the Settlement Officer is to raise the rates by only 18¾ per cent. We should want a very strong body of evidence to show that it is undesirable to make this comparatively small increase in the money rates representing, as it does, really 4-30 p.m.

a considerable decrease in the share of the crop which has to be contributed to the State. (Mr. G. Harisarvottama Rao :—That is why the enquiry is asked for.) But you have the material there. It has not been indicated in what respect the material is wanting because you have not read it fully and you have not considered it. I am quite willing to make it more available to any of the Members who are interested in it and who want to study it and see what conclusions should be drawn from it. There is another passage relating to this matter on which I cannot lay my hands at present. Its general effect is that an economic enquiry is not of a nature which can be conducted, like a criminal case or a suit for partition, by examination of witnesses and by leading evidence. (A voice :—Do it scientifically.) It has to be done scientifically. I would refer hon. Members to the economic enquiries and economic studies prepared by Mr. Gilbert Slater and his students ; hon. Members will see that studies of that nature cannot be conducted by holding a public enquiry as suggested. It needs more detailed work and study. Even when we get such information it is not clear that it will be particularly useful to the problem before us, which is whether, as the result of great rise in prices, we should take a fraction more of the existing money rates of assessment and if so, what that fraction should be. I am quite anxious and willing to make available any information that we have and there is a very great deal to Members interested and desirous of studying it or to the representation of the Ryots Association. I do not see there would be any use in appointing a committee to tour in the three districts in the manner suggested."

* Mr. S. SATYAMURTI :—" Sir, I have listened very carefully to the somewhat unusually long speech of the hon. the Revenue Member in opposing this motion. I have heard every word of what he said which other Members would not have, because I am just opposite to him. But his argument is quite simple. 'The State is entitled to a share of the produce. The State is not interested—at any rate not for the purpose of these resettlements—in the actual economic condition of the ryot. He may be very poor ; he may be starving ; he may be dying. I must have my pound of flesh. Statistics show that prices have doubled , therefore, I must have a share. I have been over-generous ; I ought to have doubled the assessment. But look at my generosity ; instead of getting the 100 per cent increase to which I am rightfully entitled, I have shown you generosity by limiting my demand to $18\frac{3}{4}$ per cent. Therefore come down on your knees and thank the heavens that Sir Norman Marjoribanks is the Revenue Member. In his generosity and kindness for the ryots of these three districts he has agreed to give up $81\frac{1}{4}$ per cent and is willing to have only $18\frac{3}{4}$ per cent.' But, Sir, that argument is so unsound that he himself does not believe it, and that his Government do not act upon it. This is borne out by the remarks of the Settlement Officer in the scheme report, by his own speech and by precedents in this matter. It is not safe, it is said, that the Government should make enquiries into the economic condition of the ryots. I would invite the attention of the House to the statement of the Settlement Officer in his own recommendations. He says 'that trade and commerce have increased and that considerable improvement of communications have been proved ; considerably more monies have been spent on luxuries.' Is it the result of an economic enquiry or not? Then we are told that coercive processes have affected only a small fraction of the total revenue. Incidentally, I may mention, Mr. President, for the benefit of the ryots of this Province that, if they are regular and

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voluntary in the payment of the revenue, the Government are likely to be less merciful and that the ryots would get less kind treatment at the hands of the Government. This is a cynical statement. It is an invitation to the ryots of the districts to commit deliberate default and invite coercive processes so that the Government may not, on actual facts and figures also, be able to say that people have paid regularly and voluntarily; therefore they can afford to pay more. It is an incentive not to pay taxes regularly. I do not know if the Government realize the implications of this statement. The Settlement Officer says that, in certain respects, the economic condition of the agricultural public is sounder than before. How did he come to this conclusion? It is not based on some economic enquiry. Therefore, if my hon. Friend, the Revenue Member's argument is sound, all these statements are wholly irrelevant. Then, Sir, the Settlement Officer says 'I make this recommendation on my general knowledge of conditions in the delta and on the basis of the records of the economic enquiries carried by myself and my assistants.' The Government have used other economic enquiries; but they say 'yes; these are enquiries conducted by our officers and their assistants.' When an ex-parte statement like that is printed and placed before the Government they accept it. But when the Council asks for a committee, they say the committee can do nothing at all.

"But, Sir, I join issue with my hon. Friend even on the major premises. I do not think even the Government of Madras who are obsessed by this theory that the State is entitled to a share of the produce irrespective of the economic condition of the ryots cannot go on increasing the land revenue. They will find all the elected Members of the Council and almost all the nominated Members rising up against them, if they venture to lay down such a dictum and to enforce any such doctrine on the poorest ryots of this province.

"Then Sir, this argument of rise in prices is mostly misleading. I am sure the Revenue Member knows it. He talks with his tongue in his cheek if he really believes that this rise in prices justifies an arbitrary increase. For the present purpose, there are three classes of ryots who pay land revenue. There is the first and the largest class which has no grain to sell. The rise in prices cannot really benefit them. It can only benefit those ryots and those producers who can actually have enough for themselves and their families to eat and subsist from year's end to year's end and who can have a surplus to sell in the market. That class practically exhausts the very large majority of ryotwari patta-holders throughout this province. Then, Sir, we have the second class who can spare some grain to sell and that class is, what may be called, the lower middle class, to use a loose phraseology. If it gets some more money by increase in the price of grain, it loses it all by having to pay a higher price for those things which any middle class family must have in these days and the result, the net result, is they have no profit to make at all. There is a small class, I agree, at the very top who make some money out of the rise in prices. If any system can be devised by which that unearned increment may be taxed, I may be for it, speaking for myself. But the present system works unmercifully on all alike and the poorest man has got to pay, proportionately, exactly the same as the richest man in the district has got to pay. This theory is inhuman. This matter has been fully exposed by Sir O'Moore-Creagh, late Commander-in-Chief of His Majesty's forces in

India. In a book he has written, a man like O'Moore-Creagh has exploded this theory of the rise in prices justifying a rise in land revenue."

"Then the hon. the Revenue Member was good enough to make another statement which I am repeating for your sake, and for the sake of this House. He said that the Government did not want to upset the expenditure of any man by doubling his land revenue at once. If you do not want to upset the expenditure of any man, if you pause to calculate, in the case of thousands and thousands of these ryots even this $18\frac{3}{4}$ per cent increase may not only upset the balance but make it impossible to keep body and soul together from year's end to year's end. He also stated that you must decide how much of the increase is practicable to take. I think I am not misquoting him; he used the word 'practicable.' I want to know if it is practicable for a wise and responsible Government to attach and sell the produce of a ryot, according to well-recognized canons of civilized Government and whether it is practicable for a human Government to make a man and his wife and children starve and take the money in order that you may spend it on the luxuries of the Government. On a matter of that kind I am sure that even the hon. the Revenue Member must concede that elected Members of this Council and those who may be nominated to this committee have at least as much right and as much honesty as any Government Member or any Government officer and the resolution asks for nothing more or nothing less.

"Then, Sir, he referred to the Settlement Officer's enquiry and made much of it. I want to know what those enquiries were, whether any notice was given to the ryots concerned and whether enquiries were made of them directly. Then he quoted Lord Pentland as suggesting that economic enquiries can never be a basis for increased resettlement. Then why make points about it? Let it be stated 'we have got the power; we therefore propose to raise the land revenue; pay or die.' But, on the other hand, if your idea is to have some kind of economic enquiry, there is no use of quoting Lord Pentland and fighting shy of this resolution which only wants an open economic enquiry. (A voice:—What does the word 'open' mean?) My hon. Friend wants to know what 'open' means. Let him ask Sir John Simon who has used the words 'joint, free, open conference' as to what those words mean.

"My hon. Friend, the Revenue Member, said that he was willing to give these figures to such Members of the Legislative Council as may want them; but he cannot allow a committee to go about collecting these figures. It seems to me that he made the worst possible case against a resolution of this kind. In fact my hon. Friend was never so long as he was to-day; he was barren of evidence; he had no arguments. When he took 20 minutes to make out a simple case according to him, that shows that he had no argument really to advance.

"Our trouble would have been easier but for the intervention of the Chairman of the Simon Committee of the Madras Legislative Council. That friend has made up his mind that, except in his own committee of which he happens to be the Chairman, he has lost all faith in mixed committees. What is his committee, if not a very mixed committee which consists of one parliamentary committee as it is called, with him? He has such faith in that enquiry which the people of the country do not want and of which he is admittedly an impotent member.

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"If he could have such faith in that committee which the people of the country do not want and of which he is admittedly an impotent member, I ask how does it lie in his mouth to state that a mixed committee consisting of hon. Colleagues of his in this Council and the several others will serve any purpose whatever on these committees? Then, Sir, he lectured to us on the want of public spirit on our part, that we should ourselves come forward and conduct these enquiries . . . ." 4-45 p.m.

* The hon. the PRESIDENT :—" The hon. Member has already exceeded his time-limit."

* Mr. D. NARAYANA RAJU :—" I shall just say a few words, Mr. President. The hon. the Revenue Member was pleased to adumbrate a very strange principle indeed, viz., that the State is entitled to a share of the produce and that they are entitled to take their share irrespective of the economic condition of the holders of the land. This was condemned by Lord Salisbury, the Secretary of State for India, about 50 years ago. He condemns that principle in the following terms in his despatch.

" If we say that it is rent an official in India will hold the Government in strictness entitled to all that remains after wages and profits have been paid and he will do what he can to hasten the advent of the day when the State shall no longer be kept by any weak compromises from the enjoyment of its undoubted rights. If we persuade him that it is revenue he will note the vast disproportion of its incidence compared to that of other taxes and his efforts will tend to remedy the inequality and to lay upon other classes and interests a more equitable share of the fiscal burden. I prefer the latter tendency to the former. So far as it is possible to change the Indian fiscal system it is desirable that the cultivator should pay a smaller proportion of the whole national charge. It is not in itself a thrifty policy to draw the mass of revenues from the rural districts where capital is scarce, sparing the towns where it is often redundant and runs to waste in luxury. The injury is exaggerated in the case of India where so much of the revenue is exported without a direct equivalent. As India must be bled, the lancet should be directed to the parts where blood is congested or at least sufficient, not to those who are already feeble from the want of it."

The hon. Sir NORMAN MARJORIBANKS :—" May I ask the hon. Member to give me the reference ? "

* Mr. D. NARAYANA RAJU :—" Despatch of the Secretary of State for India, Lord Salisbury, about the year 1875 or so—I do not remember the exact year. This is only an extract from it from which I am reading. I shall give the reference later on.

" Ever since that time, it is not followed in practice. Though it is not put on paper, the State has not been following the principle that the State is strictly entitled to its share of the produce irrespective of the capacity of the landholder. That being so, it is necessary to go into the economic condition of the people. That is why, as a matter of fact, in resettlements, an enquiry is being held by the Government into the economic condition of the people.

" The hon. the Revenue Member was pleased to state that in regard to the cope of the proposed enquiry, no suggestions were made by the speakers. I shall just give the headings, for the information of my hon. Friend and of he House, of points which were not touched by the resettlement officer. He

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did not examine the health conditions of the locality, the standards of life of the people, the income necessary for the maintenance of a family, etc. These were pointed out in my letter to the Government in reply to a query on the subject. I do not however want to take the time of the House by going through all those things in detail.

"The hon. the Revenue Member was also pleased to say that the re-settlement rules are perfectly well known and though there has been no publication, the people must have come forward before the Settlement Officer and placed the facts before him. This aspect of the matter was condemned by no less an authority than the Joint Parliamentary Committee. They say that the settlement rules are often very obscure and not understood by the people at large and therefore there should be a statute simplifying the procedure.

"My hon. Friend also stated in another connexion, in replying to some of my questions put on the floor of this House, that the Settlement Officer's report itself could not be understood by the people at large, that only some people could understand it, and that he would therefore get prepared a summary of its contents, so as to be understood by the people. The re-settlement rules are very technical and are not well understood as a matter of fact.

"My hon. Friend also stated that the material gathered by the Settlement Officer is available for examination; but the whole question is that the material that is really necessary to find out the real economic condition of the people has not been collected by the Settlement Officer. In order to collect such material, a committee is necessary. The material already collected is not quite sufficient. Further, by looking simply at the material and the results of the enquiry, we cannot contradict them. We must have an opportunity to get the materials that will go to contradict the facts stated in the report. If we take up only the material already collected, they may lead only to the inferences drawn by the Settlement Officer. With such material as the Government have placed before us, we cannot know the exact condition of the ryots. Therefore, Sir, I support the motion."

Mr. Basheer Ahmad Sayeed :—"I move for a closure, Sir."

Mr. A. Kaleswara Rao :—"I second it."

The closure motion was put to the House and carried.

The hon. the President :—"The question is—

'*That this Council recommends to the Government that—*

'(a) *for the purpose of making an open public enquiry into the economic condition of the tract as preliminary to the resettlement of the districts of Godavari East, Godvari West and Kistna, Government be pleased to constitute a committee not less than half of the members of which being elected by this Council ; and*

'(b) *pending the said enquiry, the resettlement scheme report of the Kistna, West Godavari and East Godavari districts be held in abeyance.*'"

The resolution was put to the House and carried.

The Council then adjourned at 4–53 p.m., to meet again at 11 a.m. the next day.

R. V. KRISHNA AYYAR,
Secretary to the Legislative Council.